

Limited 'Open Skies' Plan

The Federal Communications Commission staff has proposed a plan which would clear the way for the nation's first domestic communications satellite systems.

The staff, however, laid down explicit policy statements which, if accepted by the seven-member FCC, would place limitations on the number of firms that would be authorized to set up satellite systems, and on the types of communications traffic they could handle in some instances.

Strict limitations, for example, would be imposed on American Telephone & Telegraph Co. AT&T, because of its dominant position in communications, would be authorized only to transmit telephone communications via satellite. This would forbid AT&T from using satellites for television network transmissions or the fast-growing data communications field.

One for Comsat

Further, Communications Satellite Corp. would be allowed to build only one satellite system, rather than the two it has proposed. Comsat would be authorized to build one system and rent it only to AT&T, or it would be able to build a system and rent circuits to anyone except AT&T.

Further, Comsat is forbidden to use its domestic satellites for communications with Alaska, Hawaii and Puerto Rico — although the FCC staff specified that some domestic satellite system should supply communications for those areas.

Generally, the proposal — by the FCC's Common Carrier Bureau, which regulates tele-

phone and telegraph companies — would allow any financially and technically qualified organization to enter the domestic communications satellite business.

However, the commission staff would force those firms using similar technology — generally satellites designed around Hughes Aircraft Co. technology — to enter a consortium and put up a single satellite system for the group. This is similar to arrangements for undersea cables which are owned jointly by communications firms, with ownership based on the amount of use they make of the cable.

Candidates for separate sat-

elite systems would appear to be Comsat, Fairchild Industries, and Lockheed Aircraft Corp.-Microwave Communications Inc.

The FCC staff, however, indicated it might also be possible for AT&T to obtain part ownership of a satellite. The proposal says that if AT&T should seek to lease satellite facilities from Comsat (as proposed), AT&T would have to show that the costs would be no greater than if it owned a satellite jointly with Comsat.

May 1 Hearing

The FCC, in issuing the staff proposals, said it wanted to hear arguments on the matter May 1.

If the commission adopts the staff policy as its own, it will

be favoring to some degree a proposal made about two years ago by the Nixon Administration. The White House recommended an "open skies" program whereby any organization with financial and technological wherewithal would be allowed to set up its own domestic satellite system.

The FCC, while agreeing to a limited "open skies" approach, rejected a totally free concept on the grounds it would require huge investments and there might not be sufficient business available to support all of the systems that might be built.

Those who would likely be forced into a consortium arrangement would include Western Union Co.; Hughes Aircraft Co. and the four telephone operating companies of GTE Service Corp.; RCA Global Communications Inc., and RCA Alaska Communications Inc.

The staff also rejected proposals that domestic satellite system owners should be required to provide reduced or free rate service to public broadcasting and other educational users. It urged the FCC to consider specific proposals for reduced rates.

If the FCC were to act on the proposals within a couple of months, it is considered possible that a domestic satellite system could be in operation by mid-1974. The question of a domestic satellite system has been before the FCC about seven years.

One hope for use of satellites is that they will provide more economical communications than present terrestrial facilities — cables and radio — and will open new markets for different types of communications.

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